

1 BEFORE THE COMMISSION FOR COMMON-INTEREST
2 COMMUNITIES AND CONDOMINIUM HOTELS

3 STATE OF NEVADA

4 SHARATH CHANDRA, Administrator,
5 REAL ESTATE DIVISION, DEPARTMENT
6 OF BUSINESS AND INDUSTRY, STATE
7 OF NEVADA,

8 Petitioner,

9 vs.

10 CLEARACRE CONDOMINIUM
11 HOMEOWNERS ASSOCIATION
(Entity Number C6070-1982)

12 Respondent.

Case No. 2024-137

FILED

DEC 20 2024

NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

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13 **FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**

14 This matter came on for hearing before the Commission for Common-Interest
15 Communities and Condominium Hotels, State of Nevada (the "Commission") during a
16 regular agenda set on a three-day stack beginning at 9:00 a.m. on December 3, 2024 (the
17 "Hearing"). Sophie A. Karadanis, with Leach Kern Gruchow Song, appeared on behalf of
18 Clearacre Condominium Homeowners Association ("RESPONDENT") with Community
19 Association Manager ("CAM") Maria "Judy" Pinto (CAM.0007413-SUPR) along with
20 Provisional Community Manager Alma Delia De Arcos, Association Director Joe Lopez
21 (ASSN.0000946-BOD), all with Associa Sierra North, and Board member Yau Lau
22 representing the Board members, present. Christal P. Keegan, Deputy Attorney General
23 ("DAG") with the Nevada Attorney General's Office, appeared on behalf of the Real Estate
24 Division of the Department of Business and Industry, State of Nevada (the "Division").

25 Since the September 10-12, 2024 Commission Meetings, RESPONDENT admitted
26 to all the Division's factual allegations in its Amended Response to Complaint for
27 Disciplinary Action filed November 22, 2024. DAG Keegan informed the Commission the
28 RESPONDENT has a proposed plan of compliance for consideration by the Commission.

1 **FINDINGS OF FACT**

2 Based on a preponderance of the evidence in the record, the documents admitted at
3 the Hearing, and by stipulation of the parties, the Commission voted, to find all the
4 following factual allegations were proven:

5 1. Between about August 24, 2023, to February 5, 2024, the Division conducted
6 an audit for the Clearacre Condominium Homeowner’s Association (“RESPONDENT”).
7 *Exhibit 1, CICC 000003 – CICC 000028.*

8 **A. Delinquent CPA Audits**

9 2. At all times relevant to the Complaint, RESPONDENT’S 2020 and 2021 CPA
10 audits were draft reports not finalized nor adopted by the Board. *Exhibit 1, CICC 000010.*

11 3. While the Board initiated the 2022 CPA Audit, it had not been completed.
12 *Exhibit 1, CICC 000010.*

13 4. The May 24, 2022, Board of Directors Meeting Minutes indicated the
14 2019 CPA Audit was approved by the Board nearly two and a half years later. *Exhibit 1,*
15 *CICC 000010, and Exhibit 3, CICC 000044.*

16 5. The RESPONDENT admitted its audits were untimely. *Exhibit 2,*
17 *CICC 000031.*

18 **B. Inadequate Budget Preparation**

19 6. From the records provided, the Division’s audit findings determined
20 RESPONDENT’S budgeting practices resulted in variances and net losses each year.
21 *Exhibit 1, CICC 000011 – CICC 000013.*

22 7. RESPONDENT reported inconsistent information between its approved
23 and ratified budgets from the Budget-to-Actual statements. *Exhibit 1, CICC 000011 –*
24 *CICC 000013.*

25 8. The May 10, 2021, Meeting Minutes indicated unit owners would be assessed
26 an emergency special assessment of \$112 per month for an additional 11 months to repair
27 a water intake line. *Exhibit 1, CICC 000011, and Exhibit 3, CICC 000041.*

1 9. Yet, the December 2021 Budget-to-Actual demonstrated regular assessments
2 were reduced and a special assessment was collected. *Exhibit 1, CICC 000011 –*
3 *CICC 000013.*

4 10. Further, in 2022, the Board supplied two separate budgets indicating entirely
5 different budget information. *Exhibit 1, CICC 000011 – CICC 000013.*

6 11. Additionally, the Reserve Budget for 2023 incorrectly listed the Reserve
7 special assessment contribution, which consequently incorrectly reported the Reserve net
8 balances. *Exhibit 1, CICC 000011 – CICC 000013.*

9 12. RESPONDENT admitted it sent erroneous information out to owners.
10 *Exhibit 2, CICC 000032.*

11 13. RESPONDENT admitted to improper record keeping resulting in incomplete
12 budget packages and minutes of budget ratification minutes. *Exhibit 2, CICC 000031.*

13 **C. Failure to Adequately Contribute to Reserve Account**

14 14. RESPONDENT did not contribute to its Reserve Account in 2021, and only
15 *some* contributions were made in 2022 and 2023. *Exhibit 1, CICC 000014.*

16 15. According to the 2022 Reserve Study, the RESPONDENT'S funding
17 status was inadequately funded (18.57% funded). *Exhibit 1, CICC 000014, and Exhibit 4,*
18 *CICC 000080.*

19 16. In 2023, the Board stopped tracking the deferred contributions on the Due-
20 to account ledger. *Exhibit 1, CICC 000014.*

21 17. The General Ledger statements failed to consistently show all deferred
22 contributions as an Accounts Payable owed to the Reserve. *Exhibit 1, CICC 000014, and*
23 *Exhibit 7 CICC 000139 – CICC 000159.*

24 18. In August of 2023, ledgers indicated contributions were made to the Reserve
25 but the bank statements demonstrated no transfers were made. *Exhibit 1, CICC 000014.*

26 19. As of August 31, 2023, RESPONDENT'S total Due-to owed from Operating
27 to the Reserve Account of \$234,689.90, did not include reported amounts under Accounts
28

1 Payable and unreported deferred contributions of additional amounts of \$29,750.00.
2 *Exhibit 1, CICC 000014, and Exhibit 7, CICC 000116 – CICC 000183.*

3 20. RESPONDENT admitted problems with proper recordkeeping and regularly
4 transferring reserves. *Exhibit 2, CICC 000032.*

5 **D. Frequency Shortcomings of Executive Session Meetings**

6 21. In 2021, only one executive session appears to be held. *Exhibit 1,*
7 *CICC 000015.*

8 22. Ultimately, Meeting Minutes were missing for:

- 9 a. The October 25, 2021, Executive Session;
- 10 b. November 15, 2021, Budget Ratification; and
- 11 c. 2021 and 2022 Annual Unit Owner's meetings.

12 *Exhibit 1, CICC 000014.*

13 23. RESPONDENT admitted its shortcomings in properly maintaining Meeting
14 Minutes Record Keeping. *Exhibit 2, CICC 000033.*

15 **E. Delinquent Omitted Invoices, Receipts, Check Images, and**
16 **Electronic Payments**

17 24. The RESPONDENT failed to provide documents during the audit, with
18 remaining outstanding items:

- 19 a. The approval log, or register, for AVIDPAY;
- 20 b. 2021 and 2022 check images;
- 21 c. Invoices and receipts for Eugene Burger Management (EBMC); and
- 22 d. The 2021 and 2022 budget ratification packages.

23 *Exhibit 1, CICC 000016, Exhibit 2, CICC 000034, Exhibit 5, CICC 000100 – CICC 000107,*
24 *and Exhibit 6, CICC 000108 – CICC 000115.*

25 **F. Inadequate Insurance Crime Policy**

26 25. The Certificate of Insurance submitted to the Division provided only
27 \$175,000 in crime coverage. *Exhibit 9, CICC 000257.*

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